

## **Section B-6**

### **Personal Financial Management**

The contents of this Toolkit have been developed to assist you in your efforts to support family readiness. Every effort has been made to ensure that the information provided is current and accurate. However, because statutory and regulatory changes may have occurred since the publication of this Toolkit, the Office of the Assistant Secretary of Defense for Reserve Affairs cannot assume responsibility for its continued accuracy. Before taking any significant action based on the contents of this Toolkit, you should contact your Family Readiness Program representative or legal officer, as appropriate, to secure the most current information.

## Personal Financial Management

### Budget and Financial Management Record

#### Budgeting Tasks

**Managing the family budget while your spouse is away can be challenging, but it can be done. Prior to deployment, sit down with your spouse and calculate your monthly expenses with regard to these topics:**

- **Utility Bills.** Look at utility bill statements from the past year and take an average of these expenses. This should give you a pretty good monthly estimate.
- **Long Distance Bills.** Opportunities to call will vary depending on the spouse's duty location, but you should be able to decide how much of your budget should be set aside for long distance calls.
- **Rent or Mortgage.** Usually, this will be a fixed cost, although, if you have an adjustable mortgage rate, your house payments may go up (or down) slightly. Rent may also change if you do not have a lease. The interest rate on a loan may be adjusted under the Soldiers' and Sailors' Civil Relief Act (see Section B-7-3).
- **Monthly Living Expenses.** Calculate your average monthly expenses for groceries (less one), gas for the car, clothes, entertainment costs (such as video rentals, dining out, other purchases).
- **Monthly Payment to Creditors.** Total up things like car and home equity loan payments, credit card payments, or bank loans. The interest rate on a loan may be adjusted under the Soldiers' and Sailors' Civil Relief Act (see Section B-7-3).
- **Savings.** Try not to get behind in putting money aside each month for your savings account. Less one family member in the house, you may find that you can actually save more. Use your family's savings as a "last resort" for covering unexpected expenses.
- **Savings Bonds.** You may want to consider buying savings bonds, which are low or no-risk investments. You can use savings bonds as a means to grow your savings or as a way to build college funds for your child's post-secondary education. More information is available: [www.savingsbond.gov](http://www.savingsbond.gov).
- **Once-a-Year Expenses.** Don't forget to include things like car or homeowner's insurance bills, because they may catch you off guard near the end of the year, just when you thought you were "in the black."

**Remember that you must also figure out the potential expenses of the family member on deployment.**

**Income and Assets**

**Effective financial management requires that you think about your income as well as your expenses. It's important to be realistic and not overly optimistic about income, but you and your spouse must have a clear idea of what income you will be able to use to meet your budget requirements. Additionally, you both need to have a thorough understanding of your total assets. Use the following worksheet to help you plan.**

My approximate monthly income is:

1). Salary(ies) Full-Time Employment \_\_\_\_\_

2). Salary(ies) Reserve Compensation \_\_\_\_\_

**Remember, your Reserve military compensation may change. Keep this part of your plan up-to-date by considering income increases due to:**

- **Family Separation Allowance (FSA)**
- **Rate Changes**
- **Reenlistment**
- **Longevity Pay Increases - For various reasons, you may be required to extend your deployment.**

3). Alimony \_\_\_\_\_

4). Child Support \_\_\_\_\_

5). Commissions \_\_\_\_\_

6). VA Disability Compensation (%) \_\_\_\_\_

7). Individual Retirement Accounts

Name of Account	Account Number	Point of Contact	Amount

---

---

**GUARD & RESERVE FAMILY READINESS PROGRAMS TOOLKIT**

---

---

8) Life Annuities Payments \_\_\_\_\_

9). Real Property

Property	Current Value	Outstanding Mortgage(s)	Equity

10). Pension (total of all pensions) \_\_\_\_\_

11). Savings Interest

Bank	Account Number	Approximate \$ value	Interest

12). Social Security \_\_\_\_\_

13). Stock Dividends

Stock	Number of Shares	Approximate Value

14). Spouse's Income \_\_\_\_\_

15). Other \_\_\_\_\_

---

---

**GUARD & RESERVE FAMILY READINESS PROGRAMS TOOLKIT**

---

---

Total: \_\_\_\_\_

**Cash and Cash Equivalent Assets**

1). Checking Accounts

Bank	Address	Account #	Names on Account

2). Savings Accounts

Bank	Address	Account #	Names on Account

3). The following individuals have Power of Attorney to sign checks, deposit, or withdraw funds on my behalf:

Name	Relationship	Address	Effective Date	Termination Date

---

---

**GUARD & RESERVE FAMILY READINESS PROGRAMS TOOLKIT****4). Credit Cards**

Card	Account #	Address

**5). I have loans with the following institutions**

Bank	Account #	Address	Collateral

**6). Stocks and Bonds (includes mutual funds)**

Stock	Date Acquired	Location of Certificates & Records	Registered to

## GUARD & RESERVE FAMILY READINESS PROGRAMS TOOLKIT

---

My Stockbroker(s) are

Name	Address & Phone #	Stock

### Tax Returns

1). Location of Copies of my Income Tax Returns

Address \_\_\_\_\_

Location of current withholding tax forms and receipts received from my employer

\_\_\_\_\_

Location of worksheets and evidence to support my tax records

\_\_\_\_\_

2). My taxes are prepared by

Name \_\_\_\_\_

Address \_\_\_\_\_

Phone \_\_\_\_\_

Additional Information:

---

---

**GUARD & RESERVE FAMILY READINESS PROGRAMS TOOLKIT****Expenses**

Approximate Monthly Expenses

Type of Expense	\$ Amount
Alimony	
Automobile Insurance	
Automobile Payments	
Child Support	
Dues (club, union, organizations)	
Gas and Electric	
Health Insurance	
Property Insurance (including rental)	
Mortgage Payments	
Rent	
Taxes	
Telephone	
Water and Sewage	



## **Banking Decisions**

**Your bank is an important ally in your budget and financial management efforts. To get the most out of your banking arrangements, you should think about the following:**

- **Direct Deposit.** Consider signing up for direct deposit (if you haven't already done so). Direct transfer of money into your account can speed up your ability to cover bills.
- **Separate Accounts.** Also consider opening separate checking accounts to ease confusion over who is writing checks and when they are written. You can use one account while deployed and your spouse can use the other. Make sure you understand the fees and conditions of your bank account. Some banks charge fees for accounts with small balances. Also make sure you and your spouse have a clear understanding regarding the amount and timing of deposits to the second account.
- **Credit Card Limits.** Set credit card limits for you and your spouse. Limits will help prevent you both from adding to your credit card debt (if you have any). Also decide who will be using which cards during your deployment.
- **Make Transferring Funds Easy.** You may need to draw upon your savings to cover unexpected costs. Make sure that your checking and savings accounts are in the same bank so funds can be transferred easily.
- **Use Electronic Funds Transfers (EFT) Effectively.** One sure way to put money where you need it is to arrange for EFTs with your bank or financial institution. The EFTs can be a real plus by automatically setting aside money for specific use. Listed below are some typical items for which EFTs are used:
  - Payments to dependents
  - Monthly bond payments
  - Contributions
  - Mortgage payments
  - Savings payments
  - Insurance payments
- **One Allotment Permitted for Financial Hardships.** If you do not have the capability to make EFTs, you may set up one allotment to help alleviate any financial hardship created by your being mobilized or deployed away from home.